

63M-2-101. Title.

This chapter is known as the "Utah Science Technology and Research Governing Authority Act."

Renumbered and Amended by Chapter 382, 2008 General Session

63M-2-102. Definitions.

As used in this chapter:

(1) "Commercialization revenues" means dividends, realized capital gains, license fees, royalty fees, and other revenues received by a university as a result of commercial applications developed from the USTAR initiative, less:

(a) the portion of those revenues allocated to the inventor; and
(b) expenditures incurred by the university to legally protect the intellectual property.

(2) "Executive director" means the person appointed by the governing authority under Section 63M-2-301.

(3) "Research buildings" means any of the buildings listed in Section 63M-2-201.

(4) "Research universities" means the University of Utah and Utah State University.

(5) "Technology outreach program" means the program described in Section 63M-2-202.

(6) "USTAR governing authority" means the Utah Science Technology and Research Governing Authority created in Section 63M-2-301.

(7) (a) "USTAR initiative" means the Utah Science Technology and Research Initiative created in Section 63M-2-301.

(b) "USTAR initiative" includes the projects, operations, activities, programs, and services described in this chapter.

Amended by Chapter 186, 2014 General Session

63M-2-201. Science technology research buildings.

(1) As funding becomes available from the Legislature or other sources, the USTAR governing authority shall:

(a) construct at Utah State University:

(i) a Bio Innovations Research Institute;
(ii) an Infectious Disease Research Center; and
(iii) an Informatics/Computing Research Center; and

(b) construct at the University of Utah:

(i) a Neuroscience and Biomedical Technology Research Building; and
(ii) an Information Technology and Bioinformatics Research Center.

(2) The USTAR governing authority shall, subject to any restrictions or directions established by the Legislature, plan, design, and construct the buildings.

(3) (a) Utah State University shall provide the land for the construction of science technology and research buildings on its campus.

(b) The University of Utah shall provide the land for the construction of science technology and research buildings on its campus.

(4) The USTAR governing authority shall hold title to the research buildings.

(5) The governing authority shall:

(a) before approving occupancy of a building, lease each building constructed on Utah State University's campus to Utah State University and each building constructed on the University of Utah's campus to the University of Utah by entering into a written lease agreement with each university that clearly establishes the terms for the university's use, maintenance, and ongoing rental payments for the building;

(b) require research teams to generate a certain amount of revenue from grants or other sources to contribute to the USTAR initiative; and

(c) unless prohibited by law, deposit lease payments and other money received from the universities and research teams with the state treasurer for deposit into the sinking funds created under Section 63B-1a-301 for debt service on the bonds issued to fund planning, design, and construction of the research buildings.

Amended by Chapter 186, 2014 General Session

63M-2-202. Technology outreach program.

(1) As funding becomes available from the Legislature or other sources, the USTAR governing authority shall establish a technology outreach program at up to five locations distributed strategically throughout Utah.

(2) (a) The USTAR governing authority shall ensure that the technology outreach program acts as a resource to:

(i) broker ideas, new technologies, and services to entrepreneurs and businesses throughout a defined service area;

(ii) engage local entrepreneurs and professors at applied technology centers, colleges, and universities by connecting them to Utah's research universities;

(iii) screen business ideas and new technologies to ensure that the ones with the highest growth potential receive the most targeted services and attention;

(iv) connect market ideas and technologies in new or existing businesses or industries or in regional colleges and universities with the expertise of Utah's research universities;

(v) assist businesses, applied technology centers, colleges, and universities in developing commercial applications for their research; and

(vi) disseminate and share discoveries and technologies emanating from Utah's research universities to local entrepreneurs, businesses, applied technology centers, colleges, and universities.

(b) In designing and operating the technology outreach program, the USTAR governing authority shall:

(i) for each technology outreach program location:

(A) establish written performance standards and expectations for each location; and

(B) require reporting from each location related to those performance standards and expectations on at least an annual basis; and

(ii) work cooperatively with the Technology Commercialization Offices at Utah State University and the University of Utah.

Amended by Chapter 186, 2014 General Session

63M-2-203. Research teams.

(1) As funding becomes available from the Legislature or other sources, and subject to any restrictions or directions established by the Legislature, the USTAR governing authority shall allocate money to Utah State University and the University of Utah to provide funding for research teams to conduct science and technology research.

(2) The USTAR governing authority shall:

(a) establish written performance standards and expectations for each research team receiving USTAR initiative funding;

(b) require each research team to report on the team's performance related to those standards and expectations on at least an annual basis; and

(c) require each research team to report on the amount of funding received from sources other than USTAR initiative funding on at least an annual basis.

(3) The USTAR governing authority shall discontinue allocating money to a research team that does not provide the reporting required by Subsection (2).

(4) The USTAR governing authority may discontinue allocating money to a research team for any reason, including:

(a) when the research team is failing to meet expectations established through performance standards and expectations; and

(b) when the research team is receiving sufficient funding from other sources to no longer reasonably need USTAR initiative funding.

Amended by Chapter 186, 2014 General Session

63M-2-204. Financial participation agreement.

(1) In consideration of the money and services provided or agreed to be provided, the state of Utah, Utah State University, and the University of Utah agree that they will allocate commercialization revenues as follows:

(a) for the first \$15,000,000 received:

(i) \$10,000,000 to Utah State University and the University of Utah, with the money distributed proportionately based upon which university conducted the research that generated the commercialization revenues; and

(ii) \$5,000,000 to the USTAR governing authority for the ongoing operations of the USTAR initiative; and

(b) for all subsequent money received:

(i) 50% to Utah State University and the University of Utah, with the money distributed proportionately based upon which university conducted the research that generated the commercialization revenues; and

(ii) 50% to the USTAR governing authority or other entity designated by the state to be used for:

- (A) unless prohibited by law, deposit with the state treasurer for deposit into the sinking fund created under Section 63B-1a-301 for debt service on the bonds issued to fund planning, design, and construction of the research buildings;
- (B) ongoing operations of the USTAR initiative;
- (C) replacement of equipment in the research buildings;
- (D) recruitment and funding of additional research teams; and
- (E) construction of additional research buildings.

Amended by Chapter 186, 2014 General Session

63M-2-301. The Utah Science Technology and Research Initiative and the Utah Science Technology and Research Governing Authority -- Creation -- Membership -- Meetings -- Staff.

- (1) There is created the Utah Science Technology and Research Initiative.
- (2) To oversee the Utah Science Technology and Research Initiative, there is created the Utah Science Technology and Research Governing Authority consisting of the state treasurer, the executive director of the Governor's Office of Economic Development, and the following eight members appointed as follows:
 - (a) three appointed by the governor;
 - (b) two appointed by the president of the Senate;
 - (c) two appointed by the speaker of the House of Representatives; and
 - (d) one appointed by the commissioner of higher education.
- (3) (a) (i) The eight appointed members shall serve four-year staggered terms.
(ii) The appointed members may not serve more than two full consecutive terms.
(b) Notwithstanding Subsection (3)(a)(i), the terms of the first members of the governing authority shall be staggered by lot so that half of the initial members serve two-year terms and half serve four-year terms.
- (4) Vacancies in the appointed positions on the governing authority shall be filled by the appointing authority with consent of the Senate for the unexpired term.
- (5) (a) The governor, with the consent of the Senate, shall select the chair of the governing authority to serve a one-year term.
(b) The executive director of the Governor's Office of Economic Development shall serve as the vice chair of the governing authority.
- (6) The governing authority shall meet at least monthly and may meet more frequently at the request of a majority of the members of the governing authority.
- (7) Five members of the governing authority are a quorum.
- (8) A member may not receive compensation or benefits for the member's service, but may receive per diem and travel expenses as allowed in:
 - (a) Section 63A-3-106;
 - (b) Section 63A-3-107; and
 - (c) rules made by the Division of Finance according to Sections 63A-3-106 and 63A-3-107.
- (9) (a) After consultation with the USTAR governing authority, the governor, with the consent of the Senate, shall appoint a full-time executive director to provide staff support for the USTAR governing authority.

(b) The executive director is an at-will employee who may be terminated without cause by the governor or by majority vote of the USTAR governing authority.

Amended by Chapter 186, 2014 General Session

63M-2-302. USTAR governing authority powers.

(1) The USTAR governing authority shall:

(a) ensure that funds appropriated and received for research and development at the research universities and for the technology outreach program are used appropriately, effectively, and efficiently in accordance with the intent of the Legislature;

(b) in cooperation with the universities' administrations, expand key research at the two research universities;

(c) enhance technology transfer and commercialization of research and technologies developed at the research universities to create high-quality jobs and new industries in the private sector in Utah;

(d) review state and local economic development plans and appropriations to ensure that the USTAR initiative and its appropriations do not duplicate existing or planned programs;

(e) establish written economic development objectives for the USTAR initiative that are measurable and verifiable, including how to maximize revenue to the USTAR initiative so that it becomes financially self-supporting;

(f) by following the procedures and requirements of Title 63G, Chapter 3, Utah Administrative Rulemaking Act, make rules for allocating appropriated money for research teams and for the commercialization of new technology between Utah State University and the University of Utah;

(g) verify that the USTAR initiative is being enhanced by research grants and that it is meeting the governing authority's economic development objectives;

(h) monitor all research plans that are part of the USTAR initiative at the research universities to determine that appropriations are being spent in accordance with legislative intent and to maximize the benefit and return to the state; and

(i) develop methods and incentives to encourage investment in and contributions to the USTAR initiative from the private sector.

(2) The USTAR governing authority may:

(a) in addition to money received from the Legislature, receive contributions for the USTAR initiative from any source in the form of money, property, labor, or other things of value;

(b) subject to any restrictions imposed by the donation, appropriations, or bond authorizations, allocate money received by it among the research universities, technology outreach program, and technology transfer offices to support commercialization and technology transfer to the private sector; or

(c) enter into agreements necessary to obtain private equity investment in the USTAR initiative.

Amended by Chapter 186, 2014 General Session

63M-2-302.5. USTAR governing authority requirements.

The USTAR governing authority is subject to the requirements of an executive branch agency and is:

- (1) an agency for purposes of Title 63J, Chapter 1, Budgetary Procedures Act;
- (2) an executive branch procurement unit for purposes of Title 63G, Chapter 6a, Utah Procurement Code;
- (3) a governmental entity for purposes of Title 63G, Chapter 2, Government Records Access and Management Act; and
- (4) a public body for purposes of Title 52, Chapter 4, Open and Public Meetings Act.

Enacted by Chapter 186, 2014 General Session

63M-2-303. USTAR Governing Authority Advisory Council -- Chair -- Meetings.

(1) There is created the USTAR Governing Authority Advisory Council consisting of 12 members appointed as follows:

(a) one member appointed by the director of the Governor's Office of Economic Development;

(b) one member appointed by the Utah Technology Council;

(c) one member appointed by the Utah Nanotechnology Initiative;

(d) one member appointed by the Economic Development Corporation of Utah;

(e) one member appointed by BioUtah;

(f) one member appointed by the Salt Lake Area Chamber of Commerce;

(g) one member appointed by the Provo-Orem Chamber of Commerce;

(h) one member appointed by the Davis Area Chamber of Commerce;

(i) one member appointed by the Ogden-Weber Chamber of Commerce;

(j) one member appointed by the Cache Chamber of Commerce;

(k) one member appointed by the St. George Area Chamber of Commerce; and

(l) one member appointed by the Vernal Chamber of Commerce.

(2) The USTAR governing authority shall consult with the advisory council about the USTAR initiative.

(3) The advisory council shall select a chair from among its members to serve a two-year term.

(4) The advisory council shall convene whenever the USTAR governing authority requests a meeting for consultation.

(5) A member may not receive compensation or benefits for the member's service, but may receive per diem and travel expenses as allowed in:

(a) Section 63A-3-106;

(b) Section 63A-3-107; and

(c) rules made by the Division of Finance according to Sections 63A-3-106 and 63A-3-107.

Amended by Chapter 186, 2014 General Session

63M-2-401. Reporting requirements.

(1) By October 1 of each year, the USTAR governing authority shall submit to the governor; the Legislature; the Business, Economic Development, and Labor Appropriations Subcommittee; and the Economic Development and Workforce Services Interim Committee an annual written report of the operations, activities, programs, and services of the governing authority and the USTAR initiative for the preceding fiscal year.

(2) For each project, operation, activity, program, or service related to the USTAR initiative or overseen or funded through the USTAR governing authority, the annual report shall include:

- (a) a description of the project, operation, activity, program, or service;
- (b) data selected and used by the governing authority to measure progress, performance, and scope of the project, operation, activity, program, or service, including summary data;
- (c) a clear description of the methodology for any data in the report that includes an estimation;
- (d) the amount and source of all USTAR initiative funding, including:
 - (i) funding from legislative appropriations;
 - (ii) funding procured outside of legislative appropriations, including a separate accounting of grants or investments contributing to research teams and other activities of the USTAR initiative from the federal government, private entities, or other sources, and an explanation of the extent to which:
 - (A) outside funding was contingent on or leveraged by legislative appropriations; and
 - (B) outside funding would continue if legislative appropriations were discontinued;
 - (iii) commercialization revenue, including a separate accounting of:
 - (A) realized commercialization revenue;
 - (B) unrealized and expected commercialization revenue; and
 - (C) commercialization revenue going to other parties attributable to USTAR initiative funding;
 - (iv) lease revenue from each building in which the USTAR governing authority holds title; and
 - (v) the amount of money deposited with the state treasurer for deposit into the sinking fund created under Section 63B-1a-301 for debt service on the bonds issued to fund planning, design, and construction of the research buildings;
- (e) all expenses of the USTAR initiative, including:
 - (i) operational expenses;
 - (ii) for each employee receiving compensation from USTAR initiative funding, compensation information, including:
 - (A) salary expenses, benefit expenses, and travel expenses;
 - (B) information for each research team employee and each employee of the technology outreach program that receives compensation directly or indirectly through USTAR initiative funding; and
 - (C) information regarding compensation for each employee from sources other

than USTAR initiative funding, including grants and compensation from a university or private entity;

(iii) for each research team, salary expenses, benefit expenses, travel expenses, and operations and maintenance expenses;

(iv) operational and maintenance expenses for each building in which the USTAR governing authority holds title;

(v) operational and maintenance expenses paid for by USTAR initiative funding for each location that has an established technology outreach program; and

(vi) each grant or other incentive given as a result of the USTAR initiative, including grants or incentives awarded through the technology outreach program;

(f) the number of jobs and the corresponding salary ranges created by the USTAR initiative, including the number of jobs where the employee is expected to be employed for at least one year and earns at least 125% of the prevailing wage of the county where the employee works;

(g) the name of each business entity receiving a grant or other incentive as a result of the USTAR initiative, including the outreach program;

(h) a list of business entities that have hired employees as a result of the USTAR initiative;

(i) the tax revenue generated as a result of the USTAR initiative, with actual revenue generated clearly separated from potential revenue;

(j) a list of intellectual property assets, including patents, generated by research teams as a result of the USTAR initiative, including a reasonable estimate of the USTAR initiative's percentage share of potential commercialization revenue that may be realized from those assets;

(k) a description of any agreements entered into regarding private equity investment in the USTAR initiative;

(l) beginning with data from the fiscal year beginning July 1, 2013, historical data from previous years for comparison with the annual data reported under this Subsection (2);

(m) goals, challenges, and achievements related to the project, operation, activity, program, or service;

(n) relevant federal and state statutory references and requirements;

(o) contact information of officials knowledgeable and responsible for each project, operation, activity, program, or service;

(p) other information determined by the USTAR governing authority that:

(i) may be needed, useful, or of historical significance; or

(ii) promotes accountability and transparency for each project, operation, activity, program, or service with the public and with elected officials;

(q) the written economic development objectives required under Subsection 63M-2-302(1)(e) and a description of any progress or challenges in meeting the objectives; and

(r) the audit report described in Section 63M-2-402.

(3) The annual report shall be designed to provide clear, accurate, and accessible information to the public, the governor, and the Legislature.

(4) The governing authority shall:

- (a) submit the annual report in accordance with Section 68-3-14; and
- (b) make the annual report and previous annual reports accessible to the public by placing a link to the reports on the USTAR initiative's website.
- (5) In addition to the annual written report described in this section:
 - (a) upon the request of a committee, the USTAR governing authority shall provide information and progress reports to the Economic Development and Workforce Services Interim Committee; the Business and Labor Interim Committee; and the Business, Economic Development, and Labor Appropriations Subcommittee; and
 - (b) on or before October 1, 2019, and every five years after October 1, 2019, the USTAR governing authority shall include with the annual report described in this section a written analysis and recommendations concerning the usefulness of the information required in the annual report and the ongoing effectiveness of the USTAR initiative, including whether:
 - (i) the reporting requirements are effective at measuring the performance of the USTAR initiative;
 - (ii) the reporting requirements should be modified; and
 - (iii) the USTAR initiative is beneficial to the state and should continue.

Enacted by Chapter 186, 2014 General Session

63M-2-402. Audit requirements.

- (1) Each fiscal year, an audit of the activities of the USTAR initiative shall be made as described in this section.
- (2) (a) As approved by the Legislative Audit Subcommittee, the audit shall be conducted by:
 - (i) the legislative auditor; or
 - (ii) an independent auditor engaged by the legislative auditor.
- (b) An independent auditor used under Subsection (2)(a)(ii) may not have a business or contractual connection, or other connection, with the USTAR initiative or the USTAR governing authority.
- (3) The USTAR governing authority shall pay the costs associated with the annual audit.
- (4) The annual audit shall:
 - (a) include a verification of the accuracy of the information required to be included in the annual report described in Section 63M-2-401; and
 - (b) be completed by September 1 of each year.

Enacted by Chapter 186, 2014 General Session